

**Internal Revenue Service**  
**P.O. Box 2508**  
**Cincinnati, OH 45201**

**Department of the Treasury**

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**Employer Identification Number:**

**Contact Person - ID**

**Contact Telephone Number:**

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UIL 4945.04-04

**LEGEND**

X= Name of Organization  
Y= Name of Grant Program  
Z= Geographical area  
b = Amount of grant

Dear :

We have considered your request for advance approval of your grant-making program under section 4945 (g)(1) of the Internal Revenue Code, dated May 15, 2009.

Our records indicate that X was recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that it is classified as a private foundation as defined in section 509(a).

Your letter indicates that X will operate a grant-making program, called Y, and will be awarding scholarships each year to two graduating high school seniors. The value of each grant is b. Eligible recipients must have attended a public or private school in Z. Applicants must be enrolling for the first time at a United States accredited college or university as a full time, degree-seeking, first-year student. The scholarships will be awarded and paid in their totality directly to the school that the scholars have chosen to attend. X will seek recovery of misused funds if a misuse of funds is discovered. There are no awards renewal provisions; these scholarships are one-time payments for two students.

Qualifying students will exhibit academic potential, provide examples of how they've contributed to the betterment of their communities, and complete an essay based on how they would invest in their communities to create a brighter future for the next generation. Students are eligible to be considered for the Y program if they:

- Are citizens, national or legal permanent residents of the United States.

- Have attained a cumulative high school GPA of 3.0 (weighted averages may be used).
- Have demonstrated leadership abilities through participation in community service, extracurricular, or other activities.
- Have completed and submitted all three required forms (Scholarship application, Recommender form, and required Essay) by the deadline.
- Are not current and past associates of X or X affiliate related or their relatives.

The selection committee will consist of a Scholarship Administrative Committee comprised of X affiliated team members from various disciplines who will serve as administrators of and judges for the scholarship fund. Members of the selection committee will not be in a position to receive private benefit, directly or indirectly, if certain potential grantees are selected over others. The Scholarship committee will include:

- A reading committee – All complete applications will be reviewed and discussed by the reading committee. Candidates' evaluations will be based, in part, on their articulation of leadership, learning, goals and plans for achieving them.
- An interview committee – Compelling candidates will be selected to meet with the interview committee for further consideration.
- The Trustee and President of X will make the final decision based on overall recommendations from the Scholarship Administrative Committee.

X will retain all records submitted by the grantees and their educational institutions. The Foundation will obtain and maintain in its file evidence that no recipient of the scholarships are related to X, affiliates of X, or to any members of its selection committees.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or

- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are excludable from the gross income of the recipients subject to the limitations provided by section 117 of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. **This determination only covers the grant programs described above.** Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi  
Director, Exempt Organizations  
Rulings and Agreements